

ACTION REQUEST

Subject: License Agreement between the University of Michigan and ProDevice Medical Supplies and Equipment, LLC

Action Requested: Approval of License Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee and agreed to by the parties involved in this plan.

This proposed license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Albert Shih is both an employee of the University of Michigan ("University") and partial owner of ProDevice Medical Supplies and Equipment, LLC ("ProDevice"). The law permits such an Agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Albert Shih, a Professor in Mechanical Engineering and Biomedical Engineering in the College of Engineering, is a partial owner of a for-profit company called ProDevice (the "Company"). The Company was formed recently to commercialize medical devices and desires to license from the University the University's rights associated with the following technology:

UM File No. 3745, entitled: "Pathology Sample Management System" (Jeff Myers, Peter Lucas, Albert Shih and Scott Franklin Miller)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and ProDevice.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes the Company's intention and ability to develop and commercialize the licensed technology. Terms of

the subsequent license agreement would include a royalty on sales and reimbursement of patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Albert Shih arise from his ownership interest in ProDevice.

Net Effect:

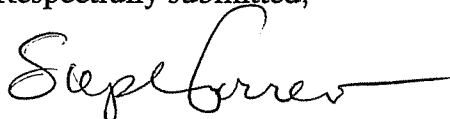
The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File No. 3745 for all fields of use.

ProDevice will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Agreement between the University and ProDevice Medical Supplies and Equipment, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

March 2013